

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-16 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

XMB-07 EUR-25 L-03 FRB-02 OPIC-12 CIAE-00 INR-10

NSAE-00 DRC-01 /150 W

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R 112217Z OCT 73

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 7372

C O N F I D E N T I A L LIMA 7485

EO 11652: GDS

TAGS: ETRD, ECON, PE

SUBJECT: BRITISH VIEW OF U.S. LENDING POLICY TOWARD PERU

REF: LIMA 7438 AND 7437

COMMERCE FOR SECY DENT; TREASURY FOR HENNESSY;  
EXIM BANK FOR KEARNS; STATE FOR ASST SECY FOR  
ECONOMIC AND BUSINESS AFFAIRS ARMSTRONG; WHITE HOUSE  
FOR FLANIGAN.

1. UK AMBASSADOR MORGAN AND HIS COMMERCIAL OFFICER  
HAVE COMMENTED ON UK AND US LENDING POLICY IN PERU.

2. THE AMBASSADOR TOLD ME HE EXPECTED TO HAVE A  
QUIET LAST SIX MONTHS IN LIMA. HIS TWO MAJOR INVEST-  
MENT PROBLEMS WERE "OFF THE BOOKS" (PERUVIAN CORPORATION  
AND LOBITOS) WITH SETTLEMENTS THAT WERE NOT TOO OUT-  
RAGEOUS. UK BANKS AND THE ECGD HAD EXTENDED ENOUGH  
CREDITS TO PRECLUDE ANY NEED FOR FURTHER NEGOTIATIONS  
DURING HIS TENURE. AMB. MORGAN WAS AWARE OF THE LAZARD  
BROS/ECGD CREDIT TO SOUTHERN PERU AND SMILINGLY COM-  
MENTED THAT AS LONG AS WE CHOSE TO LEAVE THE MARKET  
WIDE OPEN IT ONLY MADE SENSE THAT HIS COUNTRYMEN, WITH  
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GOVERNMENT SUPPORT, SHOULD MOVE INTO THE AREA. HE SAID

HE COULD UNDERSTAND NO USAID LOANS AND EVEN NO DIRECT EXIM LOANS TO THE GOP, BUT IT WAS TOTALLY INCOMPREHENSIBLE TO HIM (HOWEVER GRATIFYING TO UK MANUFACTURERES) THAT THE USG WOULD TRY TO USE THE DENIAL OF CREDITS TO A US FIRM AS A MEANS OF BRINGING PRESSURE UPON THE GOP. I COULD ONLY AGREE WITH HIM.

3. THE UK EMBASSY COMMERCIAL OFFICER COMMENTED IN A SIMILAR VEIN, ADDING THAT HE WAS FRANTICALLY BUSY TRYING TO TEND TO THE NEEDS OF POTENTIAL IMPORTERS.

4. WHILE THE US SHARE OF PERUVIAN IMPORTS DROPS, THAT OF OUR COMPETITORS INCREASES. WE HAVE JUST HEARD THAT THE BRITISH HAVE WON THE CONTRACT FOR THE 100-TON CAPACITY TRUCKS TO BE USED AT CUAJONE. ANOTHER \$10 MILLION CREDIT EXTENDED IN A FIELD VIRTUALLY CLOSED TO US MANUFACTURERS BECAUSE OF USG POLICY PROHIBITING SUBSIDIZED INTEREST RATES THROUGH EXIM BANK.  
BELCHER

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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